

SECTION V

POLICY AND OVERSIGHT

U.S. Army

General and National Defense Equipment Working Group-CFO Compliance

Description and Objective The Army General and National Defense Equipment Working Group-CFO Compliance is an Army lead joint working group that includes key Army, DFAS Defense Logistics Agency (DLA), DoD, Office of the Inspector General, Department of Defense (IG, DoD), and the General Accounting Office (GAO) representation. The Assistant Secretary of the Army (Financial Management and Comptroller) and the Army Deputy Chief of Staff jointly sponsor the group for Logistics.

The overall purpose of the working group is to help ensure that Army logistical systems are in compliance with federal standards and improve the accuracy of reporting in annual financial statements.

The Army General and National Defense Equipment Working Group-CFO Compliance initiative will provide more accurate and timely reporting of Army Property, Plant and Equipment (PP&E) for both management oversight and financial reporting.

Goals and Objectives The Army General and National Defense Equipment Working Group-CFO Compliance's primary goal is to identify key elements preventing accurate reporting of equipment, determine required corrective actions, and facilitate implementation of solutions to meet existing and future financial reporting requirements for the Army PP&E.

Current Status The Army property accountability systems are currently not Chief Financial Officers (CFO) Act compliant with applicable federal requirements. The Army is the process of implementing the Defense Property Accountability System (DPAS) as a key enabler for meeting Army reporting requirements for general equipment in accordance with Federal standards as defined by the Federal Accounting Standards Advisory Board (FASAB) and promulgated by the Office of Management and Budget (OMB). Fielding of the DPAS is being accomplished on a prioritized basis. The target for fielding to those sites with the preponderance of equipment meeting the capitalization threshold is FY 2001. Fielding to all elements will be completed in FY 2001.

**Milestones
and Target
Dates**

Following are the milestones and target dates for the Army General and National Defense Equipment Working Group-CFO Compliance initiative:

Milestones	Begin Date	End Date
Identify problem areas and potential solutions	Oct 97	On-going
Initiate corrective actions	Oct 97	On-going

U.S. Army Joint Reconciliation Program (JRP)

**Description
and Objective**

The Army Joint Reconciliation Program (JRP) initiative harvests Total Obligation Authority through deobligation of funds supporting invalid obligations; eliminates use of current funds to pay liabilities arising from appropriations that are cancelled; and reconciles and liquidates delinquent travel advances. The program also minimizes unmatched disbursements and negative unliquidated obligations that can distort financial records.

The Army JRP program involves a three-phased approach with current obligations reviewed in each phase. The joint reviews combine the skills and expertise of managerial accountants, budget analysts, program directors, and functional personnel.

**Goals and
Objectives**

The JRP program's Army-wide FY 2000 goals were to:

- Reduce unliquidated obligations in the canceling appropriations to zero
 - Reduce travel advances in the oldest three expired years to zero and the remaining two expired years by 75 percent
 - Reduce unmatched disbursements and negative unliquidated obligations by 75 percent
 - Eliminate all problem disbursements greater than 360 days old.
-

U.S. Army Operating Materials & Supplies Process Action Team (OM&S PAT)

Description and Objective	<p>The Army Operating Materials & Supplies Process Action Team (OM&S PAT) was formed to review current Army financial reporting practices and policies for Operating Materials and Supplies and to make changes where appropriate to meet CFO requirements.</p> <p>The Army OM&S PAT members include key Army and Defense logistics and finance personnel, and DFAS and audit community representation. The OM&S PAT is responsible for:</p> <ul style="list-style-type: none">• Reviewing existing Army financial reporting processes and procedures for OM&S• Determining how to apply both definitions and inventory valuation method, by class of supply, in the current Army environment• Revising and updating policies and procedures for accounting and reporting OM&S.
Goals and Objectives	<p>The Army OM&S PAT goals and objectives are to improve Army oversight of OM&S and produce results in identifying key elements, and determining possible methods and solutions to meet current and future reporting requirements in this area.</p>

U.S. Army

Real Property Integrated Process Team-CFO Compliance (RP-IPT)

Description and Objective	<p>The Army RP-IPT is a joint working group that includes key Army and DFAS representation to assist in ensuring the successful and accurate reporting of land, building, and structures. The RP-IPT determines approaches and solutions for meeting existing and future reporting requirements for the Army’s real property. Specific issues addressed by the RP-IPT include:</p> <ul style="list-style-type: none">• Accounting for and reporting of the Army’s investment in land, buildings, and structures• Determining how to apply definitions for stewardship reporting• Identifying data sources to quantify and value the Army’s investment in land, buildings, and structures. <p>The Army RP-IPT working group is currently in the process of determining and implementing changes needed to existing systems to meet financial reporting requirements.</p>
Goals and Objectives	<p>The goal of the Army RP-IPT is to help ensure successful and accurate reporting of PP&E in the Army and specifically address financial accounting for real property.</p>
Financial Reporting Status	<p>Work is currently being done on fielding a system change package that will interface the Army’s Integrated Facilities System (IFS) to the Defense Property Accountability System (DPAS) for financial statement reporting of real property. Fielding was scheduled to be completed by the end of FY 2000.</p>
Milestones and Target Dates	<p>Following are the milestones and target dates for the Army RP-IPT initiative:</p>

U.S. Navy

DoN Civilian Financial Management Career Program Improvement

Description The Department of the Navy (DoN) Civilian Financial Management Career Program Improvement initiative provides strategies and goals to the Navy comptrollers for development of the Navy's financial management workforce. The DoN Civilian Financial Management Career Program Improvement initiative will focus on improving the DoN's personnel infrastructure.

Office of Primary Responsibility and Program Manager The DoN Civilian Financial Management Career Program Improvement office of primary responsibility and responsible manager are:

DoN Naval Financial Management Career Center
Team Leader/Program Manager
Thomas W. Steinberg
Patricia Cain

DSN: 922-3786
Comm: (850) 452-3786
Fax: (850) 452-3903
E-mail: p_cain@nfmcc.navy.mil

Goal(s) or Objectives The goal of the DoN Civilian Financial Management Career Program Improvement initiative is to provide a framework for the continuous development of the financial management work force by both the individual and the organization.

Initiative Results The DoN's Civilian Financial Management Career Program Improvement initiative provides strategies and goals to the DoN comptrollers for development of the DoN's financial management workforce. This initiative focuses on improving the DoN personnel infrastructure through a prescriptive career strategy that contains improvement methodologies for all financial management. One of the methodologies is the attainment of core competencies through identified learning objectives and recommended development activities presented in a series of "competency matrices". The career initiative emphasizes and highlights core competencies that the DoN financial management personnel should develop in order to perform their functions more effectively. The competency matrices for these three levels were reviewed and revised in November 1999 by the DoN Financial Management Career Program Planning Board. The Board is composed of senior financial managers (military and civilian) who are designated by the major claimants to speak authoritatively for the command's financial management personnel and financial management career development

interests. The DoN also provides a number of training strategies and opportunities at mid-career for the development and improvement of the financial management workforce. The DoN offers career program improvement at the Practical Comptrollership Course, the Professional Military Comptroller School, and the Navy Working Capital Fund Professional Managers Course. Career program improvement in the form of graduate education programs are offered and funded by the DoN, such as the Graduate Level Financial Management Program and the Secretary of the Navy Fellowship in Financial Management. The DoN is currently developing other financial management improvement initiatives and strategies to develop the DoN's financial management workforce.

Milestones and Target Dates

Following are milestones and target dates for the DoN Civilian Financial Management Career Program Improvement initiative:

Milestones	Begin Date	End Date
Need Established	Oct 97	Ongoing
FM Core Competency Matrix Revised	Jul 99	Feb 00
Prescriptive Career Instruction Revised	Feb 00	Jul 00
Additional Training Tools	Mar 00	Ongoing
Completion Continuous Improvement		On-going

Resource Requirements

Following are the resource requirements, listed in millions of dollars, for the DoN Civilian Financial Management Career Program Improvement initiative to be implemented as part of the Navy's financial management improvement plan:

FY 00	FY 01	FY 02	FY 03	FY 04	Cumulative
\$1.3	\$1.3	\$1.4	\$1.4	\$1.4	\$6.8

Following are estimated staffing requirements for the DoN Civilian Financial Management Career Program Improvement to be implemented as part of the Navy's financial management improvement plan. Staffing requirements are the number of full time equivalents including in-house and contractor staff.

	FY 00	FY 01	FY 02	FY 03	FY 04
Total	11	11	11	11	11
In-house	11	11	11	11	11
Contractor	0	0	0	0	0

U.S. Navy

DoN Management Control Program Improvement (MCPI)

Description	<p>The DoN Management Control Program Improvement Initiative, lead by the Office of the Assistant Secretary of the Navy (OASN) (Financial Management and Comptroller) (ASN (FM&C)), provides an approach towards identifying and reporting business risks focused on improving the cost-efficiencies of the DoN. The approach allows DoN management to assess the internal control system against an established standard to help identify basic weaknesses in their operating, reporting, and legal/regulatory compliance controls, and take timely and effective actions needed to strengthen them.</p>
Office of Primary Responsibility and Program Manager	<p>The DoN MCPI office of primary responsibility and responsible manager are:</p> <p>OASN FM&C <u>Team Leader/Program Manager</u> Gil Gardner</p> <p>DSN: 325-6727 Comm: (202) 685-6727 Fax: (202) 586-6700 E-mail: gardner.gilbert@fmo.navy.mil</p>
Goal(s) or Objectives	<p>The goal of the DoN MCPI is to provide an innovative change in the assessment of operations and associated business risks within the DoN and improve the effectiveness and the efficiency of the reporting process for the MCPI in the DoN.</p>
Initiative Results	<p>A Federal Managers' Financial Integrity Act (FMFIA) Feasibility study was conducted to analyze and identify alternative approaches to improve upon the self-reporting of business risks in the DoN's MCPI. Based on the knowledge gained through the preparation of the annual Statement of Assurance, interviews within the DoN, and successes identified as "Best Practices" in the private sector, the study provided a recommendation to incorporate an "Interactive Approach" by using the "Internal Control-Integrated Framework" published by the Committee of Sponsoring Organization of the Treadway Commission. These recommendations were aligned with the government's "Revolution in Business Affairs" and the GAO's "Standards for Internal Control in the Federal Government" revised in November 1999. The MCPI involves the active participation of the Naval Audit Service in a partnership arrangement with the ASN (FM&C), and the development and implementation of a business risk assessment program that uses greater self-reporting methods. The MCPI tasks include:</p>

- Developing an interactive website for communication and reporting purposes
- Developing a marketing strategy and enlisting the support of senior DoN management
- Identifying training requirements
- Providing oversight of the new DoN Management Control Program
- Revising appropriate DoN instructions and guidance
- Developing training plans and related materials
- Assisting the DoN Commands and activities in defining and developing objectives and associated risks.

Milestones and Target Dates

Following are milestones and target dates for the DoN MCPI:

Milestones	Begin Date	End Date
Develop Marketing Strategy	Sep 00	Dec 00
Develop an Interactive website for Communication and Reporting purposes	Jul 00	Jan 01
Prepare Training Plan and Materials	Jul 00	Jan 01
Draft Instructions and Guidance	Dec 00	Feb 01
Deploy Training	Jan 01	Sep 01

Resource Requirements

Following are the resource requirements, listed in millions of dollars, for the DoN MCPI initiative to be implemented as part of the Navy's financial management improvement plan:

FY 00	FY 01	FY 02	FY 03	FY 04	Cumulative
\$.265	\$.425	\$.100	\$.100	\$.100	\$.990

Following are estimated staffing requirements for the DoN MCPI initiative to be implemented as part of the Navy's financial management improvement plan. Staffing requirements are the number of full time equivalents including in-house and contractor staff.

	FY 00	FY 01	FY 02	FY 03	FY 04
Total	5	4.5	2	2	2
In-house	2	1.5	1	1	1
Contractor	3	3	1	1	1

U.S. Navy

DoN Assessment of Environmental Restoration Liabilities

Description The DoN Assessment of Environmental Restoration Liabilities initiative focuses on improving the accuracy, timeliness, and completeness of cost estimates related to environmental restoration cleanup at DoD activities and bases.

Office of Primary Responsibility and Program Manager The DoN Assessment of Environmental Restoration Liabilities office of primary responsibility and responsible manager are:

Department of the Navy Organization Management and Infrastructure Team
Team Leader/Program Manager
 Jim Wright, Senior Executive (Naval Facilities Engineering Command)
 Mario Dumenigo

DSN: 325-9329
 Comm: (202) 685-9329
 Fax: (202) 685-0000
 E-mail: dumenigom@navfac.navy.mil

Goal(s) or Objectives The goal of the DoN Assessment of Environmental Restoration Liabilities initiative is to improve the timeliness of financial data for incorporation into financial statements.

Initiative Results During FY1999, the team reviewed the business process for environmental restoration data reported in the Normalization of Data System (NORM). The team is examining the accuracy of cost estimates and reviewing the cost estimating process to validate the model used to project environmental restoration cost estimates and to recommend changes in the process to improve the timeliness of data to accommodate financial reporting due dates.

Milestones and Target Dates Following are milestones and target dates for the DoN Assessment of Environmental Restoration Liabilities initiative:

Milestones	Begin Date	End Date
USD(A&T), Under Secretaries of the Military Departments, Directors of Defense Agencies to provide the USD(C) the above reference plan	Dec 99	Dec 99
Provide on-going reports as required	Jan 99	Sep 00

Resource Requirements Following are the resource requirements, listed in millions of dollars, for the DoN Environmental Restoration Liabilities initiative to be implemented in the Navy's financial management improvement plan:

FY 00	FY 01	FY 02	FY 03	FY 04	Cumulative
\$0	\$.50	\$0	\$0	\$0	\$.50

U.S. Navy

DoN Assessment of Hazardous Material Disposal Liabilities

Description	The DoN Assessment of Hazardous Material Disposal Liabilities initiative will review policy and procedures related to how and when to estimate expected hazardous waste removal and disposal costs for ammunition, chemical weapons, excess and obsolete structures, and major weapons systems.
Office of Primary Responsibility and Program Manager	<p>The DoN Assessment of Hazardous Material Disposal Liabilities office of primary responsibility and responsible manager are:</p> <p>Department of the Navy Organization Management and Infrastructure Team <u>Team Leader/Program Manager for Installations</u> Elsie Munsell, Deputy ASN (Installations & Environment) CDR Webb Freeman</p> <p>DSN: 425-6682 Comm: (703) 588-6682 Fax: (703) 588-8428 E-mail: freeman.webb@hq.navy.mil</p> <p><u>Team Leader/Program Manager for NDPP&E</u> RADM Gwilym H Jenkins, Jr., (Deputy for Acquisition Business Management, ASN Research Development & Acquisition) Clarence Belton</p> <p>DSN: 332-2807 Comm: (703) 602-2807 Fax: (703) 602-2117 E-mail: Belton.Clarence@hq.navy.mil</p>
Goal(s) or Objectives	The goal of the DoN Assessment of Hazardous Material Disposal Liabilities initiative is to improve financial reporting of hazardous waste liabilities.
Initiative Results	During FY 1999, the team reviewed existing regulations, business and financial reporting practices related to hazardous waste liabilities. The DoN has a comprehensive program dedicated to protecting the environment, DoN personnel, and surrounding communities and the budget process adequately provides for identification of near term liabilities. The audit community recommendation to include long-term liability estimates far beyond the scope of the financial statement period is under constant consideration.

**Milestones
and Target
Dates**

Following are milestones and target dates for the DoN Assessment of Hazardous Material Disposal Liabilities initiative:

Milestones	Begin Date	End Date
USD(A&T), Under Secretaries of the Military Departments, Directors of Defense Agencies to provide the USD(C) the above reference plan	Jan 99	Sep 00
Ongoing meetings to clarify areas of responsibility	Jan 99	Sep 00
Provide on-going reports as required	Jan 99	Sep 00

**Resource
Requirements**

Following are the resource requirements, listed in millions of dollars, for the DoN Assessment of Hazardous Material Disposal Liabilities initiative to be implemented as part of the Navy's financial management improvement plan:

FY 00	FY 01	FY 02	FY 03	FY 04	Cumulative
\$0	\$.50	\$0	\$0	\$0	\$.50

U.S. Navy DoN Assessment of Deferred Maintenance

Description	The DoN Assessment of Deferred Maintenance initiative will assess the methodology to improve the reporting of deferred maintenance related to General PP&E real property and depot-level deferred maintenance for National Defense PP&E such as ships, aircraft, tracked vehicles and other weapon system platforms, where appropriate.
Office of Primary Responsibility and Program Manager	<p>The DoN Assessment of Deferred Maintenance responsible managers are:</p> <p>Department of the Navy Organization Management and Infrastructure Team <u>Team Leader/Program Manager</u> RADM A.T. Church III, (ASN FM&C) James Sones</p> <p>DSN: 225-6762 Comm: (703) 695-6762 Fax: (703) 692-9705 E-mail: sones.james@hq.navy.mil</p>
Goal(s) or Objectives	<p>The goals of the DoN Assessment of Deferred Maintenance initiative are to:</p> <ul style="list-style-type: none"> • Improve accuracy of amounts reported for deferred maintenance • Examine quality of data reported via the budget process • Develop standard definitions, methodology and metrics • Identify system interfaces and business processes.
Initiative Results	<p>The team reviewed the reporting processes and terminology used to define Deferred Maintenance for General Plant, Property, & Equipment (PP&E) Real Property and depot-level Deferred Maintenance for National Defense PP&E. Subsequently, the Federal Accounting Standards Advisory Board and the Office of Management and Budget proposed that an interagency project be initiated to recommend government-wide methods to determine deferred maintenance estimates and to develop additional guidance on the preparation of deferred maintenance estimates for inclusion in government-wide financial statements. The DoD volunteered to chair the Chief Financial Officer (CFO) Council government-wide project to develop implementing guidance for reporting deferred maintenance amounts. Pending the outcome, implementation of the OSD strategy has been deferred.</p>

**Milestones
and Target
Dates**

Following are the milestones and target dates for the DoN Assessment of Deferred Maintenance initiative:

Milestones	Begin Date	End Date
Develop Internal Controls	May 99	Jun 00
Develop Depreciation Model	Sep 99	Jun 00
Develop Automated link between the NFADB and the STARS	Mar 00	Sep 00

U.S. Navy

DoN Assessment of Property in Possession of Contractors

Description	The DoN Assessment of Property in Possession of Contractors initiative focuses on improving the reporting of government furnished property in the possession of contractors.
Office of Primary Responsibility and Program Manager	<p>The DoN Assessment of Property in Possession of Contractors office of primary responsibility and responsible manager are:</p> <p>Department of the Navy Organization Management and Infrastructure Team <u>Team Leader/Program Manager</u> RADM Gwilym H Jenkins, Jr., Deputy for Acquisition Business Management (Research Development & Acquisition) Richard Muth</p> <p>DSN: 332-2798 Comm: (703) 602-2798 Fax: (703) 602-2805 E-mail: muth.richard@hq.navy.mil</p>
Goal(s) or Objectives	The goal of the DoN Assessment of Property in Possession of Contractors initiative is to ensure that government furnished property in possession of contractors is reported accurately.
Initiative Results	<p>The team is working to identify an appropriate approach to account for government property and material held by contractors. The effort is complicated by the constraints imposed by hierarchical regulations such as the Federal Acquisition Regulations (FAR) and the DoD Financial Management Regulations (“DoDFMR”).</p> <p>During FY 2001, the team will participate in a DoD study to determine the extent that existing systems already maintain accountability of Government Property in Possession of Contractors (GPPC) in an effort to reduce areas of duplicate reporting and to develop a methodology for collecting GPPC information within the constraints of federal regulations.</p>

**Milestones
and Target
Dates**

Following are milestones and target dates for the DoN Assessment of Property in Possession of Contractors initiative:

Milestones	Begin Date	End Date
USD(C) develop a SOW and contract with a Public Accounting Firm	Jan 00	Mar 00
USD(C) and USD(AT&L) monitor, assist, and facilitate work of Public Accounting Firm	Mar 00	Sep 00
USD(C) and USD(AT&L) assess Contractor's final report, take actions to implement Contractor's recommendations, and report Contractor statistically generated values for GPP&E in FY 2000 CFO statements		Oct 00
USD(AT&L) take appropriate action to modify DFAR and existing contracts to implement new reporting requirements that reflects DoD's acceptance of Contractor's recommendations, public comments relating to the recommendations and OMB, IG DoD, and GAO coordination	Oct 00	Jun 01

**Resource
Requirements**

Following are the resource requirements, listed in millions of dollars, for the DoN Assessment of Property in Possession of Contractors initiative to be implemented as part of the Navy's financial management improvement plan:

FY 00	FY 01	FY 02	FY 03	FY 04	Cumulative
\$0	\$.5	\$.5	\$0	\$0	\$1

U.S. Air Force Chief Financial Officer (CFO) Integrated Process Team (IPT)

Description and Objective In 1998, the Air Force established a CFO Integrated Process Team (COF IPT). The Principal Deputy Assistant Secretary of the Air Force (Financial Management) and the Assistant Deputy Chief of Staff for Logistics and Installations chair the CFO IPT. This is a coordinated effort between the financial management community and other functional communities in the Air Force to achieve auditability. Sub-IPT teams that report to the CFO IPT are made up of representatives from the functional communities as well as the Air Force Audit Agency and the Denver Center of DFAS. The sub-IPTs focus on the following:

- Real Property
- Equipment
- Computer Equipment
- Munitions
- Contracting
- Inventory Valuation
- Inventory Reporting
- National Defense
- Environmental Liabilities
- Deferred Maintenance
- Stewardship Reporting
- Feeder Systems Integration
- Accounting Issues
- Fuels.

Each group focuses on the policy and guidance for CFO reporting, the accounting issues, the systems related to their area and the implementation strategies. Meetings are held biweekly, with various sub-IPTs reporting on their milestones, action items, and progress toward achieving auditability.

Milestones and Target Dates

Following is the milestone and target date for the CFO IPT initiative:

Milestones	Begin Date	End Date
Obtain auditable financial statements	FY 98	FY 03

U.S. Air Force DoD Implementation Strategies

Description and Objective

The implementation strategy initiative represents a key element of the Air Forces efforts to produce auditable financial statements particularly for the balance sheet. The Department of Defense (the DoD) formulated a series of implementation strategies and supporting action plans designed to accomplish the improvements needed to achieve auditability of the balance sheet and other financial statements. In support of these implementation strategies, the Air Force has been working since May 1998 to resolve the numerous issues. Using IPTs headed by a senior financial and logistics manager, the Air Force Comptrollers office is employing a coordinated effort with other functional communities in the Air Force to achieve auditability. The sub-IPT teams are made up of representatives from the functional communities as well as the Air Force Audit Agency and the Denver Center of DFAS. The areas of focus for the sub-IPTs include, inventory reporting, inventory valuation, real property, environmental liabilities, ammunition, real property, national defense, acquisition and equipment.

During FY 1999 the Air Force made substantial progress using these implementation strategies. The service conducted a survey of a sample of its real property holdings. The private-sector firm hired to oversee this work then used the survey to appraise the value of these real property assets and compare the appraisal to the data in the Air Force real property system. The private firm concluded that the Air Force data and the appraisal were sufficiently close in value that the data could be judged to be compliant with the CFO Act, a major step toward achieving an auditable balance sheet.

Several other efforts are underway. The Air Force is cooperating with DoD to determine how to verify the existence and completeness of its "personal" property, which includes many major types of equipment. The Air Force is also working to properly assess its environmental liabilities, which must occur before the contingent liability portion of the balance sheet can be rendered auditable. The Air Force is also investigating ways to account for and value its inventory, including using a moving average cost and initiating a consumption accounting method. To help with this effort, a project management office has been established at Air Force Materiel Command to improve financial management in the Supply Management Activity Group. The Air Force will also cooperate with Department in efforts to value Property in the Possession of Contractors.

**Milestones
and Target
Dates**

Following is the milestone and target date for the DoD Implementation Strategies initiative:

Milestones	Begin Date	End Date
Obtain auditable financial statements	FY 98	FY 03

U.S. Air Force Financial Information Systems Assessment Study

Description and Objective

The Assistant Secretary of the Air Force (Financial Management and Comptroller) initiated the Financial Information Systems Assessment (FISA) Study to identify all functional and technical interactions among the financial systems that serve the Air Force, and to provide a plan to remedy any significant deficiencies. The overall objective was to create an integrated, efficient set of systems that support Air Force business processes and financial reporting. Both DFAS and Air Force systems were reviewed.

The FISA culminated in a web-based encyclopedia cataloging the details of Air Force financial management and related systems. The encyclopedia provides improved insight into the complex web of financial management and program feeder systems. Information provided for each system includes functional users, fund types, core competencies, Program, Planning and Budget System (PPBS) categories, legislation, interfaces, second tier feeders, migration paths, infrastructure, technical certificates and planned changes. Two hundred and fifty two of these systems are as "fully detailed" with another 600+ systems showing essential data and infrastructure. Included is a Guidance Roadmap to refresh everyone's understanding of our Federal finance policy systems and terminology. The organization of the encyclopedia revolves around Congressional legislation, Executive branch guidance, Department financial management improvement plans, DFAS strategic plans and Air Force policy.

Milestones and Target Dates

Following is the milestone and target date for the Financial Systems Information Assessment initiative:

Milestones	Begin Date	End Date
Completed web-based encyclopedia of systems	FY 98	FY 00

U.S. Air Force Improve Compliance

Description and Objective

During the last year the Air Force completed a reorganization of its base-level financial management organizations. The new organization established a Quality Assurance position at each base reporting directly to the senior financial management official on the base. The Air Force now has an individual who is responsible for training and enforcement of financial rules and regulations. The Air Force has also established a group at the Denver Center of DFAS that, among other duties, is responsible for overseeing quality assurance efforts. The Air Force believes these organizational changes will strengthen our compliance efforts.

The Air Force continues to make significant progress in one key area of compliance, the number of open Antideficiency Act (ADA) violations. Because antideficiency cases can be violations of federal law, the number of potential violations is one indicator of the adequacy of financial management. In 1995, the Air Force had 35 open antideficiency violations; by the end of FY 1999 they had reduced the number of open cases to only eight.

The reduction in antideficiency violations is attributable to more emphasis on preventive initiatives including increased fiscal and appropriation law training, along with comprehensive management program and budget reviews. Last year the Air Force completed a web-based training course redesigned to improve the quality of ADA investigations. This year The Air Force published a new Air Force Instruction on investigating antideficiency violations. The Air Force developed a web-based fiscal law tutorial in mid-year 2000. The tutorial will provide training for persons with responsibility for the proper use of appropriated funds. Additional improvement in the Air Force antideficiency program is attributable to increased support from senior SAF/FM leaders, more attention and involvement from major command financial management organizations identifying and investigating antideficiency cases, better screening of suspected violations, and improved antideficiency and fiscal law training.

Milestones and Target Dates

Following are the milestones and target dates for the Improve Compliance initiative:

Milestones	Begin Date	End Date
Published Air Force Instruction	FY 98	FY 99
Completed web-based training course	FY 98	FY 99
Introduce web-based fiscal law tutorial	FY 98	FY 00

U.S. Air Force Improve Cost Accounting

Description and Objective

During FY 2000, the Air Force continued to develop the Air Force Total Cost of Ownership (AFTOC) information system. The AFTOC provides detail on the costs of supporting weapon systems. When the system is fully implemented, it will be the authoritative source across the Air Force for cost information about weapon systems. Last year also saw development of a prototype system for accounting for the cost of flying hours. This system promises to allow Air Force financial managers at Air Force operating commands to devote more time to analysis and much less time to gathering facts.

Additionally, the Air Force significantly increased efforts to make use of Activity-Based Costing/Management (ABC/M) where it could be used to improve cost management and where it makes sense. High-level interest in ABC/M was formalized with the establishment of a Steering Group (SG) headed by the Air Force Vice Chief of Staff with the Board of Directors as members. The SG provides oversight and direction to the Working Group, which is co-chaired by the Principal Deputy Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Environment (SAF/MI) and SAF/FMC and supported by Major Command and HQ USAF representatives. This structure gives an Air Force-wide perspective that emphasizes the need for a broad, cross-functional view of cost management. Under this structure, the Air Force developed an overall plan for conducting pilot efforts to determine where and how best to implement ABC/M. A proposed timeline indicates that it will take between one and two years to conduct the pilot efforts and take action to implement ABC/M.

Milestones and Target Dates

Following is the milestone and target date for the Improve Cost Accounting initiative:

Milestones	Begin Date	End Date
Improve financial management	FY 00	FY 04

U.S. Air Force Professional Qualifications

Description and Objective

The Air Force began an effort to improve the professional qualifications of our financial management personnel. In May of 1999 the senior financial management leadership in the Air Force issued guidelines for the professional development of its financial managers. These guidelines apply to those in designated positions that are involved in policy decisions or are responsible for enforcing financial laws and regulations. However, the leadership is encouraging all financial management personnel to follow the guidelines and to complete an Individual Development Plan that explains how they will meet the guidelines.

The guidelines for professional development cover continuing professional education (CPE), general education, professional and military education, experience, and test-based certification. There are three levels of guidelines depending on the seniority of the designated position. The specific provisions of the guidelines can be found on the SAF/FM web-site www.saffm.ha.af.mil.

Continuing professional education is a key part of these guidelines because it enables financial managers to stay informed of the many changes in financial management. The guidelines call for those in designated positions to obtain 80 hours of CPE every two years, with at least 20 hours in each year. For those Air Force personnel who sometimes have difficulty complete CPE because they work at remote locations and have unpredictable schedules, Air Force financial leaders make CPE easier to complete. The SAF/FM provides distance learning courses, videotapes, articles and quizzes on the SAF/FM home page, and other techniques.

The guidelines also encourage financial managers to obtain a test-based certification of their knowledge. As part of this effort, the Air Force supports the American Society of Military Comptrollers in its efforts to develop training and a test-based certification program focused on defense financial matters. Beta testing was conducted in the spring of 2000. The Air Force, in conjunction with the other services, provides training on financial issues including those that are covered by the exam. That training started in January 2000.

Milestones and Target Dates

Following are the milestones and target dates for the Professional Qualifications initiative:

Milestones	Begin Date	End Date
Issued Guidelines for Professional Development	FY 98	FY 99
Develop Long Distance Learning	FY 98	TBD

U.S. Air Force Statement of Budgetary Resources

Description and Objective

The Air Force has focused on achieving an auditable Statement of Budgetary Resources for its general funds because the data in this statement are used most widely in the management of the service. The full-up audit of this statement in FY 1999 showed very substantial progress. Air Force auditors concluded that there were no material weaknesses in budgetary resources provided – that is, in the way the service followed the rules for funding set down by Congress and Department regulations. The auditors also concluded that there were no material weaknesses in Air Force disbursements made by the Defense Finance and Accounting Service (though there were some internal control problems that were not judged to be material). While not surprising, these findings suggest that the Air Force is close to achieving an auditable Statement of Budgetary Resources.

Despite this progress, the Air Force auditors issued a disclaimer on the Air Force budgetary statement for FY 1999. However, efforts continue to establish the auditable beginning balances for FY 2000. This will be a major step toward achieving a clean opinion on the FY 2000 Statement of Budgetary Resources.

There were material errors in older or expired obligations. In too many cases the Air Force could not provide adequate documentation that these older obligations were still valid. The Air Force has responded by reemphasizing the need to clean up these older obligations during its tri-annual review of obligations. The following accomplishments were made in the review of liquidated obligations for FY 1999: total accounting lines reviewed equaled 861,133, lines deobligated equaled 56,968, which allowed \$1,220M to be deobligated. Progress has been made and will continue in the future.

Milestones and Target Dates

Following is the milestone and target date for the Statement of Budgetary Resources initiative:

Milestones	Begin Date	End Date
Obtain an unqualified opinion on the Statement of Budgetary Resources	FY 00	FY 00

Defense Finance and Accounting Service Career Development Program (CDP)

Description and Objective

The DFAS has developed a comprehensive career development program for financial management (FM) positions. The program includes a competency-based FM career development plan (CDP); formalized training curriculum; training assistance; and professional development opportunities.

The FM CDP provides the foundation for the FM career development program. The guidelines and competencies established by the JFMIP, CFO Council and technical advice from DFAS experts provided the framework for the CDP. Additionally, the office of Personnel Management was the professional consultant from development through implementation of the plan.

The FM CDP is designed to assist DFAS in developing a highly skilled and professional work force that is knowledgeable of applicable laws and regulatory requirements. The objective of the FM CDP is to provide employees and their supervisors with a standard comprehensive list of competencies, learning objectives, training/education, and developmental activities needed for financial management positions. The CDP covers all professional FM positions from entry through executive levels. It outlines technical, professional and leadership core competencies, training and educational requirements and developmental activities by series and grade levels.

Additionally, the CDP includes information on recommended professional certification programs for financial management personnel. The CDP is available on-line and paper copies are available in our learning centers.

As of FY 2000, individual development plans (IDPs) are required to ensure we are developing a highly skilled workforce. Supervisors and their employees are to use the CDP as a tool to identify competencies to be developed. Additionally, to assist supervisors the DFAS developed a career program management guide. This tool is also available on-line and paper copies are available in our learning centers.

The DFAS has established a strong training program to support requirements outlined in the FM CDP. The DFAS administers a Financial Management Education and Training contract for the development, delivery and maintenance of 160 courses. These courses cover financial management regulations, policies, processes and procedures. The courses are delivered on-site and some are available via computer-based training. Additionally, centrally funded spaces are available for numerous training courses and programs that support the development of financial managers.

Professional certification is strongly encouraged in the DFAS. The DFAS has partnered with the Association of Government Accountants and taken an active role in the development of the Certified Government Financial Manager review courses and examination. The review courses are offered at various DFAS locations. Also, the DFAS has worked jointly with the American Society for Military Comptrollers and DoD on the development of the Defense Financial Management Certification examination and review courses. Self-pace CBT instruction is available for those pursuing their CPA via our learning centers. The DFAS offers CPE credits via Financial Management Network seminars/training. This training is available on-line and via satellite. Administrative leave is available for those taking professional certification examinations.

**Office of
Primary
Responsibility
and Program
Manager**

The CDP office of primary responsibility and responsible manager are:

Program Manager

Kathy Talton

DSN: 237-3837

Comm: (703) 607-3831

E-mail: Kathy.talton@dfas.mil

Defense Finance and Accounting Service Professional and Leadership Certification Program (PLCP)

Description and Objective	The DFAS has established a competitive Professional and Leadership Certification Program (PLCP). The PLCP provides priority funding and recognition for those pursuing educational advancement, leader development, technical competency development, and professional certification in accordance with the CDP. This program is targeted to those in journey and senior positions. It is designed to ensure top performers receive the necessary training and development required for their FM positions. The participants receive priority consideration for all central training opportunities like OPM Management Seminars; Professional Military Comptrollers Course; and Defense Resource Management Course. The objective of this program is to build a cadre of highly skilled financial managers for future executive positions.
--------------------------------------	--

Office of Primary Responsibility and Program Manager	<p>The PLCP office of primary responsibility and responsible manager are:</p> <p><u>Program Manager</u> Kathy Talton</p> <p>DSN: 237-3837 Comm: (703) 607-3831 E-mail: Kathy.talton@dfas.mil</p>
---	---

Defense Finance and Accounting Service DoD Financial Management Guidance

Description and Objective

The DFAS is currently working to develop a single set of DoD financial management guidance for use throughout the DoD. In essence, once it is completed DoD's various financial management guidance will be consolidated into the "DoDFMR", DoD 7000.14-R. Also, the "DoD FMR" will be consistent with the hierarchy of Federal financial management requirements issued by the central agencies (OMB, Treasury, GAO, etc).

The conversion of multiple, independent DoD and Military Service financial management policy issuances into the "DoDFMR" began in 1992. At that time, there were approximately 70,000 pages of independent financial management guidance in paper publication. Since then, over 30,000 pages of guidance has been cancelled and incorporated into the 6,000 page "DoDFMR". Approximately 40,000 pages of mostly Military Department (now DFAS Center) financial management policy and procedures still are in publication.

The existence of multiple DFAS Centers financial management guidance results in consistency problems throughout the DoD. In the current environment, with five DFAS Centers and multiple Operating Locations (OPLOCs), there exist multiple sources of, duplication of, and inconsistencies in, financial management policy. These basic problems result in confusion on many levels within the DoD's financial community.

Consequently, the DoD is undertaking a total review of DFAS Center and other financial guidance, with the goal of incorporating much of that existing guidance into the "DoDFMR." As currently envisioned, the incorporation project will be accomplished over a period of approximately 30 months. The detailed reviewing, negotiating, streamlining, purging, merging, coordinating, and incorporating effort primarily will be accomplished by contractor personnel. The Office of the Deputy Chief Financial Officer and the DFAS is directing and overseeing the contractual effort.

The incorporation process includes a thorough review of all financial management guidance published at the DFAS Centers and OPLOCs, the Military Departments, and the Defense Logistics Agency (DLA). Guidance that is duplicative will be eliminated; guidance that is common among the organizations will be merged and formatted for incorporation into the main body of the "DoDFMR." System-specific guidance that cannot be merged because of different operating systems will be streamlined and formatted for incorporation into the "DoDFMR," as system-specific appendices.

**Office of
Primary
Responsibility
and Program
Manager**

The DoD Financial Management Guidance office of primary responsibility and responsible manager are:

OUSD(C)/BP
Program Manager
Charlie McCabe

Comm: (703) 604-6350
Fax: (703) 604-0999
E-mail: mccabec@osd.pentagon.mil
